

Templeton Emerging Markets Investment Trust PLC

*Annual Report and
Audited Accounts
30 April 2005*

Registered in Scotland:
No. SC118022



TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

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TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

INVESTMENT PHILOSOPHY AND PROCESS

The investment objective of Templeton Emerging Markets Investment Trust PLC ("Temit" or the "Company") is to provide long-term capital appreciation for its investors through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries.

Where possible, investment will generally continue to be made directly in the stock markets of emerging countries. However, investments in companies listed on more developed stock exchanges may also be made where those companies derive a significant source of their revenue from emerging markets. Where appropriate, for example to gain access to markets closed to foreign investors, investments may be made in emerging markets through collective investment schemes but such indirect investment is not likely to be substantial.

In any event, Templeton Asset Management Ltd ("TAML"), as the Investment Manager, to the Company will invest directly only in countries where it is satisfied that acceptable custodial and other arrangements are in place to safeguard Temit's investments and in companies with perceived satisfactory procedures.

Temit's funds are normally invested in equity securities, although the Investment Manager may invest in equity-related investments (such as convertibles) when there are perceived to be advantages. In addition, in response to market conditions, funds may be held temporarily in non-equity related securities or cash. The Board has agreed that in exceptional circumstances, Temit may borrow up to 10% of its net assets.

The Investment Manager's investment research and portfolio construction processes may be summarised in five steps:

- 1) Identify Opportunities – A Master List is compiled which is screened for stocks that meet certain market capitalisation and liquidity criteria of the Investment Manager;
- 2) Analyse Companies – A detailed analysis of the stock's industry and financial accounts is undertaken along with a visit to the Company to interview management, assess its quality of product or services, analyse customers and competitors and ascertain competitive advantage;
- 3) Construct Action List – Each stock on this list has a specified buy and sell target. The Action List is a dynamic list that is monitored continually;
- 4) Allocate Portfolio – On a weekly basis, the portfolio is reviewed for consistency and to ensure that the portfolio complies with investment committee guidelines; and
- 5) Evaluate and Monitor Portfolio – Once the portfolio has been constructed, each investment within the portfolio is reviewed against price targets set for the securities. These targets are continually updated, with comparisons made with the sector that the security operates in. Contact is also maintained with the Company and its suppliers and staff.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

COMPANY SUMMARY

POLICY AND OBJECTIVES

The investment objective of TEMIT is to seek long-term capital appreciation through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries.

RISK

Many of the companies in which TEMIT invests are, by reason of the locations in which they operate, exposed to political or economic instability, exchange control, tax or other regulations and currency fluctuations. Emerging markets are considered to be more risky than developed markets. TEMIT's portfolio is managed so as to minimise the impact of such risks.

BENCHMARK

The performance of TEMIT is benchmarked against the MSCI Emerging Markets Index and the S&P/IFCI Composite Index.

MANAGEMENT COMPANY

The Investment Manager is Templeton Asset Management Ltd ("TAML"). TAML is a corporation organised under the laws of, and based in, Singapore with a branch office in Hong Kong. It provides investment advisory and related services to certain Franklin Templeton Investments funds and portfolios and is principally an investment advisor to emerging market equity portfolios.

NET ASSETS & SHAREHOLDERS' FUNDS

As at 30 April 2005, the net assets of TEMIT, and shareholders' funds, were £1,056.16 million.

MARKET CAPITALISATION

As at 30 April 2005, the market capitalisation of TEMIT was £896.43 million.

CAPITAL STRUCTURE

As at 30 April 2005, there were 535,981,593 Ordinary Shares of 25p each in issue. All outstanding warrants were converted to Ordinary Shares on 30 September 2004. More details can be found at Notes 12 and 20 of the Notes to the Financial Statements.

CONTINUATION

A requirement was introduced into TEMIT's constitution for a five yearly vote on the continuation of the Company as an investment trust. The most recent vote took place at the Annual General Meeting on 21 September 2004 at which it was agreed that the Company shall continue as an investment trust, for the period expiring at the end of the Annual General Meeting to be held in 2009, at which another vote will take place.

MANAGEMENT FEE

TAML, as Investment Manager to the Company under an Investment Management Agreement, receives from the Company a monthly fee at an annual rate of 1.00% of the monthly value of the total net assets of the Company. The agreement between the Company and TAML can be terminated by either party giving the other one year's notice of termination.

SECRETARIAL FEE

Franklin Templeton Investment Management Limited ("FTIML") acts as Secretary and Administrator of the Company and receives a monthly fee at an annual rate of 0.25% of the total net assets of the Company. The agreement between the Company and FTIML can be terminated by either party giving the other one year's notice of termination.

AITC

TEMIT is a member of the Association of Investment Trust Companies ("AITC").

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

FINANCIAL SUMMARY

	Year ended 30 April 2005	Year ended 30 April 2004
Net Assets and Shareholders' Funds (£ million)	1,056.16	778.46
Net Asset Value – Basic (pence per Ordinary Share)	197.05	171.01
Net Asset Value – Diluted (pence per Ordinary Share)*	N/A	164.58
Total Expense Ratio†	1.50%	1.48%
Number of Ordinary Shares in Issue#	535,981,593	455,223,826
Movement in Number of Ordinary Shares in Issue#	17.74%	0.01%
Number of Warrants in Issue	–	92,570,530
Movement in Total Net Assets and Shareholders' Funds	35.67%	30.73%
Movement in Net Asset Value (Basic) per Ordinary Share	15.23%	30.72%
Benchmark 1		
MSCI Emerging Markets Index	15.18%	38.41%
Benchmark 2		
S&P/IFCI Composite Index	16.07%	40.20%
Share Price (pence)	167.25	144.00
Year – High (pence)	188.75	154.25
Year – Low (pence)	125.25	107.00
Dividend (pence per Ordinary Share)	2.67	2.25
Earnings – Basic (pence per Ordinary Share)	3.42	2.89
Earnings – Diluted (pence per Ordinary Share)†	N/A	2.88
Share Price Discount to Net Asset Value	15.12%	15.79%

Indices above are shown on a total return basis in GBP. Source: Franklin Templeton Investments and Datastream.

*Final warrant exercise took place on 30 September 2004, resulting in the diluted NAV no longer being applicable.

†April 2004 return has been restated to reflect the dilutive effect of potential Ordinary Shares.

‡The Total Expense Ratio represents the annualised total expenses of the Company divided by the monthly average net assets of the Company for the year. The increase is mainly attributed to the increase in irrecoverable VAT suffered by the Company.

Large movement in the number of Ordinary Shares in Issue is due to the final warrant exercise that took place on 30 September 2004.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

FIVE YEAR SUMMARY

CAPITAL RETURN

SHARE PRICE DISCOUNT TO NET ASSET VALUE

TEN YEAR RECORD

Year end 30 April	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Net Assets and Shareholders Funds (£'000)	554,676	727,734	686,583	721,571	749,906	619,031	666,217	595,486	778,457	1,056,164
NAV Basic (pence)	137.96	154.77	145.86	153.29	159.25	135.66	146.24	130.82	171.01	197.05
NAV Diluted (pence)	137.14	151.17	143.74	149.95	154.93	135.21	144.00	N/A	164.58	N/A*
Price – Ordinary (pence)	138.75	144.25	120.25	129.00	116.25	113.50	125.00	107.25	144.00	167.25
Price – Warrants (pence)	52.75	45.25	29.50	37.00	22.00	17.00	17.50	3.75	13.25	N/A
Discount/(Premium) (pence)	0.79	10.52	25.61	24.29	43.00	22.16	21.24	23.57	27.01	29.80
Earnings per Share – Undiluted (pence)	1.44	1.71	1.43	1.68	1.34	1.36	1.82	1.70	2.89	3.42
Earnings per Share – Diluted (pence)	1.20	1.42	1.19	1.40	1.12	1.13	1.51	N/A	2.88†	N/A*
Net dividends per Ordinary Share (pence)	1.00	1.10	1.10	1.10	1.10	1.25	1.25	1.25	2.25	2.67

*Final warrant exercise took place on 30 September 2004, resulting in the diluted NAV no longer being applicable.

†April 2004 return has been restated to reflect the dilutive effect of potential ordinary shares.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

BOARD OF DIRECTORS

Sir Ronald Hampel (73)*, Chairman of the Board of Directors from 22 September 2004 and member of the Nomination & Remuneration Committee from 6 December 2004, appointed to the Board on 15 December 2003

Sir Ronald Hampel retired as Chairman of United Business Media PLC in November 2002. He previously spent 44 years with ICI, where he joined the Board in 1985, became Chief Operating Officer in 1991, Chief Executive Officer in 1993 and was Chairman from 1995 until 1999.

He is Chairman of the Trustees of the Eden Project and a member of the Committee of the All England Lawn Tennis and Croquet Club.

Sir Ronald read Modern Languages and Law at Cambridge and is an Honorary Fellow of Corpus Christi College. He was knighted in the 1995 New Year's Honours.

Sir Ronald was Chairman of the Committee on Corporate Governance from 1995 until 1998, which was responsible for producing the Hampel Report.

He was formerly a member of the Steering Committee of the European Round Table, of the UK Advisory Board of INSEAD, of the Listed Companies Advisory Committee of the London Stock Exchange, and of the Nomination Committee of the New York Stock Exchange.

Sir Ronald was a Non-Executive Director of Powell Duffryn PLC from 1983 until 1988, of Commercial Union Plc from 1987 until 1995, of BAE Systems PLC from 1989 until 2002, of Alcoa from 1996 until 2005, and Chairman of United Business Media PLC from 1999 until 2002. He was a Member of the Executive Committee of the British-North American Committee from 1987 until 1995, and a Director of the American Chamber of Commerce from 1988 until 1991. From 1997 until 2001 he was a member of the Advisory Committee of the Karlpreis Aachen (Charlemagne Prize). He was a member of the Council of Action on Addiction from 1994 until 1999.

Sir Peter Burt (61)*, member of the Audit Committee since 6 December 2004, appointed to the Board on 1 October 2004

Sir Peter Burt is currently Chairman of ITV PLC and of Gleacher Shacklock LLP; and a Non-Executive Director of Shell Transport & Trading PLC and Royal Dutch Shell PLC.

He graduated MA from St Andrews University with a 1st class Honours in Modern History and Political Economy and MBA from the University of Pennsylvania's Wharton School where he was a Thouron Scholar.

He worked in the electronics and computer industry for six years, initially with Hewlett Packard in Palo Alto, before turning to banking. He joined the Bank of Scotland in 1975 and became head of its International Division in 1985. He was appointed Chief General Manager of the Bank in 1988 and Group Chief Executive in 1996. He initiated its 2001 merger with the Halifax, becoming Executive Deputy Chairman of the combined business before he retired in January 2003.

Sir Peter is a former Chairman of Dyslexia Scotland.

Sam L Ginn (68)*, Chairman of the Nomination & Remuneration Committee since 6 December 2004, appointed to the Board on 15 December 2003

In 2005, Mr. Ginn serves on the Board of Directors of ChevronTexaco (and chairs the Audit Committee). He serves as an advisor to the Board of The Investment Company of America. He is also an investor and advisor to several start-up companies in the telecommunications sector.

He retired as Chairman of Vodafone in May, 2000. Mr. Ginn assumed the Chairmanship on 30 June 1999 when the merger between Vodafone and AirTouch was completed.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

BOARD OF DIRECTORS (continued)

Formerly part of Pacific Telesis Group, AirTouch was spun off as an independent company on 1 April 1994. Mr. Ginn became Chairman and Chief Executive Officer of AirTouch in December 1993. He served as CEO until the completion of the merger.

Starting in April 1988 until the spin off of AirTouch, Mr. Ginn was Chairman and CEO of Pacific Telesis Group. Prior to being named Telesis Chairman, Mr. Ginn held the position of President and Chief Operating Officer. He was the first employee of the Enterprise Group which led to the creation of AirTouch.

Mr. Ginn has over 42 years of experience in the telecommunications industry.

In the past Mr. Ginn has served as Chairman of the California Business – Higher Education Forum, Chairman of the California Business Roundtable, Chairman of the Committee on Jobs. His past corporate board memberships have included: CH2M Hill, First Interstate Bank, Pacific Telesis Group, Safeway Inc., Transamerica Corporation, Vodafone PLC, AirTouch Communications, Hewlett Packard and Fremont Group, LLC.

A native of Alabama, Mr. Ginn is a graduate of the School of Engineering, Auburn University. He has funded a Wireless Engineering degree program at Auburn University. The College has honoured him by naming its College of Engineering, The Samuel Ginn College of Engineering. He is on the Board of Trustees at Auburn University. He became a Sloan Fellow at Stanford University's School of Business in 1969. He is now an overseer at the Hoover Institute in Palo Alto, California.

Peter C Godsoe, O.C. (67)*, member of the Audit Committee, appointed to the Board on 15 December 2003

Peter Godsoe is currently an independent Director of several companies in Canada, the US and the UK.

He graduated from the University of Toronto with a Bachelor of Science degree in Mathematics and Physics in 1961. He then joined Price Waterhouse and obtained his Chartered Accountant designation prior to going to Harvard Business School where he earned his Master of Business Administration in 1966.

Mr. Godsoe joined Scotiabank in Toronto in 1966. After working in Ottawa, Montreal and New York, he returned to Toronto in 1971 to coordinate the Bank's US activities as General Manager of the International Division. In 1974, he formed the Western Hemisphere International Regional Office, which includes the United States and Latin America, as well as the Bank's treasury operations.

Mr. Godsoe was appointed an Executive Vice-President in 1980 of Scotiabank and Vice-Chairman and member of the Board of Directors in 1982. In 1992, Mr. Godsoe was named President and Chief Operating Officer. He became Chief Executive Officer in 1993 and Chairman of the Board in 1995.

During his tenure as Chief Executive Officer of Scotiabank, the bank rose from being Canada's fifth largest bank to being its second largest by market capitalisation and, in fact, Canada's second largest company. Equally over this period of close to twelve years, shareholder returns increased over ten times.

In 2002, Mr. Godsoe was named an Officer of the Order of Canada and was introduced into the Canadian Business Hall of Fame for outstanding achievement in business and his contribution to the Canadian way of life.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

BOARD OF DIRECTORS (continued)

Charles B Johnson (72), appointed to the Board on 18 January 1994

Charles B Johnson is Chairman and Director of Franklin Resources, Inc., and Chairman and Director of various Franklin Templeton funds. The Investment Manager of TEMIT, Templeton Asset Management Limited, and the Secretary and Administrator, Franklin Templeton Investment Management Limited, are subsidiaries of Franklin Resources, Inc.

Mr. Johnson received a BA degree from Yale University in 1954 in economics and political science. He served in the US Army from 1955 until 1957 as a First Lieutenant, Army Artillery.

He joined Franklin Distributors, Inc., as President and Chief Executive Officer in 1957 and assumed those positions with Franklin Resources, Inc., when it was incorporated in 1968. Mr. Johnson served as CEO of Franklin Resources, Inc., until December 2003.

He is a member of the New York Society of Security Analysts.

In 1992 he was elected Chairman of the National Association of Security Dealers (NASD) and served on various committees and boards of the NASD (including Nasdaq) from 1988 until 2002. He served on the Board of Governors of the Investment Company Institute (ICI) from 1973 until 1988.

Mr. Johnson also serves as a member of the Board of Overseers of the Hoover Institution at Stanford University. He has served as a board member of the San Francisco Symphony, Bay Area Council and other Bay Area civic organisations. He served as Northern California Chairman of the US Olympic Committee in 1992, on the boards of Peninsula Community Foundation from 1986 until 1996 and the Commonwealth Club of California from 1994 until 1997, and a trustee of Crystal Springs Uplands School from 1985 until 1993.

Andrew S B Knight (65)*, member of the Audit Committee (until 6 December 2004), appointed to the Board on 15 December 2003

Andrew Knight was educated at Ampleforth College and Balliol College, Oxford (M.A. Modern History).

He was Editor of *The Economist* from 1974 until 1986; Chief Executive and Editor in Chief of the London Daily Telegraph group from 1986 until 1989; Executive Chairman of News International PLC from 1990 until 1994.

He is a Director of News Corporation and of Rothschild Investment Trust (RITCP); member of the Advisory Board of the Centre of Economic Policy Research at Stanford University, California; member of the Advisory Council of the Institute of International Studies, Stanford University, Governor (and member of the Council of Management) of the Ditchley Foundation; Chairman of the Harlech Scholars' Trust; Director of Anglo-Russian Opera and Ballet Trust (Mariinsky Theatre Trust).

He was also formerly Chairman of the Ballet Rambert; Trustee of the Victoria & Albert Museum; Governor of Imperial College of Science & Technology; Council member of the Royal Institute of International Affairs (Chatham House); member of the Board of Overseers at Hoover Institution, Stanford University; member of the Steering Committee, Bilderberg Meetings; Council member of Templeton College, Oxford; non-executive Director of Reuters Holdings PLC and of Tandem Computers Inc.; Chairman of the Jerwood Charity and Shipston Home Nursing.

Geoffrey A Langlands (69)*, Chairman of the Board of Directors (until 21 September 2004) and member of the Nomination & Remuneration Committee, appointed to the Board on 11 November 1993

Geoffrey Langlands is currently an investment advisor and Chairman of Fundação Botânica Margaret Mee.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

BOARD OF DIRECTORS (continued)

He graduated from Trinity College, Cambridge University with an Honours Degree in Modern Languages in 1957. He then joined J. Henry Schroder & Co. Limited, which eventually sent him out to Brazil.

From 1969 to 2000, he was Investment Director at Banco Bozano, Simonsen SA, where he was responsible for setting up and running its Asset Management, Research, Stock Broking and Corporate Finance activities. Early in 2000, Banco Bozano, Simonsen was sold to Banco Santander SA, and for two years he was associated with that Bank as a Director and Consultant, until his retirement in 2002.

Under his leadership, Banco Bozano, Simonsen was a pioneer in developing and attracting overseas investment; the first vehicle for foreign portfolio investment into Brazil was an investment trust launched by Banco Bozano, Simonsen and James Capel & Co. on the London Stock Exchange in 1975. He also led the first global Initial Public Offering of a Brazilian Company (1994), and organised the first debt/equity conversion (1987).

Debt/equity conversions were fundamental to the success of Brazil's privatisation program, in which Banco Bozano, Simonsen played a major role as an adviser, intermediary and investor.

Prior to joining Banco Bozano, Simonsen, he wrote articles on stock market reform (1963/65) subsequently taking part in the team that originated legalisation concerning capital markets, stock exchange modernisation and regulations for investment funds.

He served as Director, Vice President of ANBID (Brazilian Investment Banks' Association), and chairman of its Investment Fund Committee. He also represented Brazil on the Advisory Council of the IIC (Interamerican Investment Corporation), was a Board Member of the Clearing Company of the Rio de Janeiro Stock Exchange, and represented the investment banks on the Capital Markets Committee of the Brazilian Central Bank.

Peter Smith (58)*, Chairman of the Audit Committee and Senior Independent Director, appointed to the Board on 17 May 2004

Peter Smith is Chairman of Savills PLC. He is also a non-executive director of N M Rothschild & Sons Limited and of The Equitable Life Assurance Society.

Until June 2000, he was Senior Partner of PricewaterhouseCoopers ("PwC") in the UK. Prior to the formation of PwC, from the merger of Price Waterhouse and Coopers & Lybrand, Peter was the Chairman of Coopers & Lybrand, in the UK, a position he held from May 1994.

For the two years to December 1996, he was Chairman of Coopers & Lybrand International and from 1998 until 2000 was a member of PwC's global management team.

From 2002 until 2004 he was a non-executive director of Safeway PLC and from 2003 to 2005, Chairman of RAC PLC.

Peter is a member of the Board of the Confederation of British Industry, a member of the Finance Committee of The National Trust and sits on the Advisory Council, Global Corporate Governance Initiative, at Harvard Business School. He was a member of the UK's Committee on Corporate Governance from 1996 until 1998.

Peter was educated at Mill Hill School and Southampton University, where he graduated in Economics. He has attended the Advanced Management Program at Wharton School of the University of Pennsylvania.

Peter was appointed Chairman of the Audit Committee on 17 May 2004 and Senior Independent Director on 21 September 2004.

*Independent from Franklin Templeton Investments

All of the Directors are non-executive.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

CHAIRMAN'S STATEMENT

At 30 April 2005, your Company had total assets of £1,056.16 million, compared with £778.46 million at 30 April 2004. Part of the increase (£163.28 million) reflected underlying growth in the value of investments. A further £123.12 million arose from the successful execution of the warrant redemption programme in September 2004. 92.57 million warrants were redeemed with a value of £123.12 million.

At period-end, 98.79% of the Company's total assets were invested in equities, with the remaining 1.21% being held in liquid assets. *The general policy of the Board is to be fully invested.*

Net asset value per share at year-end was 197.05 pence, an increase of 15.23% over the year. The share price at 30 April 2005 was 167.25 pence, compared with 144.00 pence at the beginning of the fiscal year, an increase of 16.15%. Over the same period, the MSCI Emerging Markets Index, on a total return basis in sterling terms, rose 15.18%, and the S&P/IFCI Composite Index increased 16.07%. The Manager's Report & Portfolio Review (pages 11 to 13) gives a detailed analysis of the Company's performance over the year.

The portfolio is managed using the value style of investing. This requires a detailed research of stocks, and the Manager purchases only those trading at less than their assessed value. Since inception, the net asset value of Templeton Emerging Markets Investment Trust PLC has risen by 417.29% in sterling terms compared with a rise of 275.42% for the S&P/IFCI Composite Index and 286.80% for the MSCI Emerging Markets Index.

During the 12-month reporting period, emerging markets recorded healthy economic and stock market performances, with their returns further boosted by a weakening US dollar. In Asia, China's economy grew, but markets in the greater China region did not perform as well as some of their regional counterparts because of concerns over high commodity prices and the possibility of China's economy overheating. Most major economies in Latin America registered strong growth and delivered robust stock market performance. Of these, Mexico, a major oil producer, greatly benefited from high oil prices. In Brazil, the government's reforms and policies led to greater investor confidence. In Eastern Europe, greater investor interest resulting from the European Union (EU) trade bloc's expansion materialised in higher investment inflows, boosting local stock markets. Turkey received EU approval to begin formal accession talks in October 2005, to which investors reacted favourably. In South Africa, improving economic fundamentals supported the economy, while its market benefited from a strengthening rand.

During the reporting period 11,812,763 shares were bought back at a cost of £17,273,852. A close watch was kept on the discount during the summer months having particular regard to the warrant redemption and continuation vote and all buy-backs were carried out at prices which have enhanced shareholder value.

The Board of Directors has proposed a cash dividend of 2.67 pence per Ordinary Share (2004: 2.25 pence). The dividend will be paid on 3 October 2005 to Shareholders on the register at the close of business on 2 September 2005, subject to the approval of Shareholders at the Annual General Meeting, which will be held on 27 September 2005.

During the past two years a total restructuring of the Board and Committee membership has been undertaken to reflect new governance rules. The new Board has considered its primary responsibilities:

1. to keep the Company's investment strategy/philosophy under review;
2. to monitor continually the performance of the Manager;
3. to review periodically the fees paid to the Investment Manager and to the Secretary in respect of the Company's administration; and
4. to ensure the governance of the Company is appropriate and meets all regulatory requirements.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

CHAIRMAN'S STATEMENT (continued)

The new Board has, during the year examined carefully all these issues. It has confirmed that it is wholly satisfied with the performance of the Manager and with the investment strategy. It believes the fee paid to the Investment Manager of 1% of the monthly value of the total net assets of the Company provides appropriate reward and an incentive to perform.

Geoffrey Langlands is retiring after 11 years on the Board. He served as Chairman for 10 months during 2003/2004 as the Board was restructuring. With his long investment experience based in Brazil, Geoffrey brought invaluable insights into developing markets to the Board. We shall miss his trenchant comments and wise counsel and we thank him for his valuable service.

During the year Sir Peter Burt has joined the Board and his biography appears on page 5. He brings strong financial, investment and business experience to the Board. The Board recommends his election.

Sir Ronald Hampel and Charles Johnson, aged 73 and 72 respectively, offer themselves for re-election. Their biographies appear on pages 5 and 7 respectively. The Board also recommends their re-election.

Sir Ronald Hampel



22 June 2005

Indices above are shown on a total return basis in GBP. Sources: Franklin Templeton Investments and Standard & Poor's.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

MANAGER'S REPORT & PORTFOLIO REVIEW DR J B MARK MOBIUS 30 April 2005

This is the annual report for Templeton Emerging Markets Investment Trust PLC for the year ended 30 April 2005.

Performance Attribution Explanation

In the 12-month period ended April 2005, the portfolio returned 21.26% while net asset value per share increased 15.23%, outperforming the MSCI Emerging Markets Index which gained 15.18%. The Company's performance was enhanced mainly by its underweight positions, relative to the MSCI Emerging Markets Index, in South Korea and Taiwan. An overweight position in Hungary also contributed positively to performance as the country continued on an upward trend during the period. However, the Company's underweight positions in South Africa and overweight position in Croatia were negative for relative performance. In addition, the Company's exposure in Brazil, which was roughly in line with the index, resulted in negative attribution.

At the sector level, an overweight exposure to energy stocks and an underweight position in the information technology sector resulted in the strongest contribution to performance relative to the index. An overweight position in the financial sector also contributed positively to relative performance. Alternatively, underweight positions in the telecommunications and materials sector resulted in the largest negative impact on relative performance.

Overview

Over the last 12 months, emerging markets recorded good stock market and economic performances. The MSCI Emerging Markets Index ended the period up 15.18% in GBP terms. Asian markets' performance lagged other regions as the possibility of China's economy overheating and political tension in the greater China region affected sentiment. In Latin America, most major economies registered strong growth. This was reflected in the strong stock market performance of those countries. High oil prices have been a boon for Mexico since that country is a major oil producer, while the Brazilian government's reforms and policies have led to greater investor confidence in the country.

Greater investor interest in Eastern Europe as a result of the expansion of the EU trade bloc saw new member countries register higher investment inflows, which in turn boosted local stock markets. Turkey also recorded strong gains as investors reacted favourably to approval from the EU to begin formal accession talks for October 2005. In South Africa, the government's macroeconomic policies, proactive black empowerment efforts and strengthening economic fundamentals also supported the economy, the benefits of which were reflected in the country's stock market.

Portfolio Changes & Investment Strategies

In general, the Company increased its holdings in Asia while exposure to Europe was decreased in light of its strong appreciation over the last 12 months. Asian markets, which saw large purchases, were Taiwan, South Korea, India and China "Red-chip" shares. Key investments included President Chain Stores the operator of the leading retailer 7-Eleven in Taiwan; LG Chemical, Korea's largest PVC and ABS maker; Hindustan Petroleum Corp. Ltd., one of India's major refiners and petroleum-based product marketing companies; and Denway Motors, an automobile manufacturer which produces under the Honda brand name in China. Some switching was also done in China "H" shares, with the sale of Sinopec as it reached its sell target and purchase of PetroChina. PetroChina has a dominant market share in upstream oil & gas businesses with huge proven reserves in China.

In Europe, the largest sales were undertaken in Greece, Denmark and Austria as the Company divested in selective stocks, which had reached our sell target. Key additions in the region included Provident Financial, a consumer finance company with exposure to Central & Eastern European markets as well as Latin America via operations in Mexico; and Pliva, one of the largest pharmaceutical companies in Central and Eastern Europe.

In Latin America, the Company eliminated its exposure to Argentina via divestment of Tenaris. Elsewhere in the region, selective sales were made in Mexico, while the Company increased its holdings in Brazil. Key investments included Petroleo Brasileiro SA, the national oil and gas company with

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

MANAGER'S REPORT (continued)

activities in exploration, production, refining, transportation and distribution of oil and by-products, and Souza Cruz SA, one of the leading tobacco companies in Brazil.

In South Africa, the significant purchases included Anglo American PLC and Sappi Ltd. Anglo American is an international natural resources group with operations in sixty-four countries covering eight principal product groupings, gold, platinum, diamonds, coal, base metals, industrial minerals, paper & packaging and ferrous metals. Sappi is a fine paper company with businesses in South Africa, Europe and North America.

Asia

China's economy grew 9.5% year-on-year in the first quarter of 2005, unchanged from 2004's growth rate. This high growth rate renewed concerns of possible overheating. Strong consumer demand, trade and investment boosted the growth. Exports jumped 35% in the first three months of the year, resulting in a trade surplus of US\$16.6 billion, more than half of 2004's US\$32 billion surplus. 2004 Foreign Direct Investment ("FDI") inflows into China totalled US\$60.6 billion, exceeding 2003's US\$53.5 billion as foreign investors continue to seek investment opportunities in the country. Tension in the region increased in the interim as China passed the anti-secession law, which allows it to use force against Taiwan in the event that the latter demands independence from China.

South Korea's Gross Domestic Product ("GDP") grew 4.6% year-on-year in 2004, slower than the government's 5.0% forecast but higher than the 3.1% recorded in 2003. While consumer confidence has been improving, an expected recovery in domestic consumption has yet to fully materialise. Strong global demand for South Korea's vehicles, chips and mobile phones led to a six-year high trade surplus of US\$29.4 billion in 2004. Exports increased 31.0% year-on-year to US\$253.8 billion, outpacing a 25.5% rise to US\$224.5 billion in imports. 2004 FDI inflows into South Korea jumped 97% to US\$12.8 billion, a four year high, supported by investments in the manufacturing sector.

The Thai economy grew 6.1% year-on-year in 2004. Growth was largely driven by domestic demand, more specifically investment and private consumption. The central bank lowered its 2005 GDP forecast to 4.5% and 5.5% mainly due to high oil prices, social unrest in the southern part of the country and a slowdown in exports. In February, Prime Minister Thaksin Shinawatra won an overwhelming victory in the elections. This should allow Thaksin to continue to push forward with structural reforms with little opposition.

Southern/Eastern Europe

Hungary's economy grew 4.0% year-on-year in 2004 after expanding 3.7% in the fourth quarter as fixed investment expenditure supported growth. In a bid to strengthen regional economic relations, Hungary, Austria and Slovenia studied the possibility of enlarging bilateral free trade agreements to a more regional level to include West Balkans countries such as Albania, Croatia and Macedonia. Hungarian Prime Minister Gyuresany dismissed two ministers within a week in April. Janos Veres replaced Finance Minister Tibor Draskovics due to his failure to curb the budget deficit while Jozsef Graf took over the post of Agriculture Minister.

In Poland, fourth quarter GDP grew 3.9% year-on-year, slightly below market expectations, mainly due to slowing private consumption. This led to a revision of the 2004 growth figure to 5.3% from 5.4%. Treasury Minister Socha survived a vote of no confidence in April while the government survived a confidence vote in November, signifying its political independence from any party in parliament. In March, Economic Minister Jerzy Hausner resigned after leaving the ruling Democrat Left Alliance party (SLD) for the newly established Democratic Party. His deputy Jacek Piechota replaced him.

Turkey's GDP grew 9.9% year-on-year in 2004 as the country benefited from economic and structural reforms. The government expected GDP growth to be 5% in 2005. Turkey agreed to extend its existing treaty with the European Union to include the 10 newest members, including Cyprus, fulfilling a key condition for the start of accession talks in October 2005. Moreover, the government's US\$10 billion stand-by agreement with the IMF should further boost investor confidence in the country. However, the country delayed the implementation of the new penal code to 1 June 2005 due to "technical reasons". The government said that this would allow for more revisions to ensure human rights and state protection.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

MANAGER'S REPORT (continued)

Latin America

Brazil's economy grew 5.2% in 2004, its fastest rate since 1994. Growth was broad-based. Industrial output increased 6.2% year-on-year, while household spending rose 4.3%. The 2004 trade surplus almost tripled from 2003 to US\$33.7 billion, bringing the current account surplus to a record US\$11.7 billion. In 2005, the external balance continued to benefit from a strong trade sector with the April surplus reaching a monthly record of US\$3.9 billion. Also contributing to the surplus have been imports, which registered a 9.8% decline in April due to lower domestic demand as a result of the central bank's tightening monetary policy.

South Africa

GDP grew 3.7% year-on-year in 2004. The government upgraded its GDP growth forecast from 4.0% to 4.5% over the next three years. 2004 inflation registered 4.3% and is expected to remain between 3.0% and 6.0% over the next three years. The government plans to boost spending and cut taxes in a bid to support the economy. The majority of South Africa's companies continued to support the government's "black economic empowerment" charter. A Tourism Black Economic Empowerment Charter, which aims to raise black ownership of tourism companies to 35% by 2014, was signed during the period.

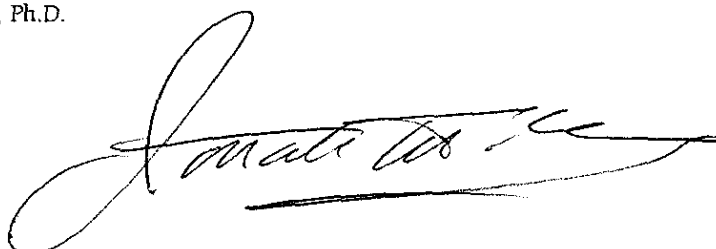
Outlook

The outlook for emerging markets remains bright and we remain positive on the long-term future for emerging markets. The valuations of many emerging markets securities remain relatively attractive and we continue to find bargain stocks trading at attractive valuations. While we continue to see significant opportunities in Asia, South America, Africa and Eastern Europe, the key is to find undervalued companies that are well capitalised and have a unique and competitive product range.

Thank you for your continued interest and support.

J Mark Mobius, Ph.D.

22 June 2005

A handwritten signature in black ink, appearing to read "J Mark Mobius", with a long horizontal flourish extending to the right.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by geography

Geographical analysis (by country of incorporation)

As at 30 April 2005

Country	Cost £'000	Market Value £'000
South Korea		
SK Corp.	9,111	41,050
Hyundai Development Co.	14,909	38,595
POSCO	13,180	19,967
Kangwon Land Inc.	13,513	16,642
CJ Corp.	11,987	14,021
LG Chem Ltd.	12,291	11,739
LG Petrochemical Co. Ltd.	7,468	10,838
Hana Bank	7,281	6,516
Daewoo Shipbuilding & Marine Engineering Co. Ltd.	4,203	6,135
Hite Brewery Co. Ltd.	4,380	5,154
Samsung Electronics Co. Ltd.	4,461	4,934
SK Telecom Co. Ltd.	4,612	4,476
LG Household & Health Care Ltd.	2,796	3,163
Samsung Heavy Industries Co. Ltd.	2,315	2,908
Samsung Fine Chemicals Co. Ltd.	1,997	2,238
LG Corp.	2,436	2,190
	116,940	190,566
China		
PetroChina Co. Ltd., H	21,161	33,512
China Petroleum & Chemical Corp., H	18,398	31,322
China Merchants Holdings (International) Co. Ltd.	8,902	19,768
Cosco Pacific Ltd.	5,275	12,726
China Mobile (Hong Kong) Ltd., fgn.	11,746	11,765
Huaneng Power International Inc., H	5,660	10,941
Datang International Power Generation Co. Ltd.	6,205	10,791
Denway Motors Ltd.	9,845	8,116
Aluminum Corp. of China Ltd., H	7,126	6,540
Shanghai Industrial Holdings Ltd.	3,514	3,669
Chongqing Changan Automobile	3,272	3,020
Guangdong Electric Power Development Co Ltd., B	4,632	2,913
Air China Ltd.	746	687
	106,482	155,770
Brazil		
Banco Bradesco SA, ADR, pfd.*	12,818	34,994
Unibanco Uniao de Bancos Brasileiros SA, GDR*	13,998	33,132
Companhia Paranaense de Energia-Copel, ADR, pfd.*	18,426	20,715
Centrais Eletricas Brasileiras SA	18,008	18,203
Petroleo Brasileiro SA, ADR, pfd.*	10,090	10,800
Souza Cruz SA	7,037	8,693
Suzano Bahia Sul Papel e Cel, pfd., A	4,832	4,582
Caemi Mineracao e Metalurgia SA, pfd.*	4,689	3,844
Usinas Siderurgicas de Minas Gerais SA, pfd.	1,901	2,238
	91,799	137,201

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by geography (continued)

Country	Cost £'000	Market Value £'000
Thailand		
Siam Commercial Bank Ltd., fgn.	12,913	22,520
Siam Cement Public Co. Ltd., fgn.	6,108	16,204
Kasikornbank Public Co. Ltd., fgn.	9,922	13,988
PTT Exploration & Production Public Co. Ltd., fgn.	4,319	12,572
Shin Corp. Public Co. Ltd., fgn.	4,006	8,676
Bangkok Bank Public Co. Ltd., fgn.	4,672	7,615
Land and House Public Co. Ltd., fgn.	3,587	3,393
True Corp. PLC, rights, 28/03/08	—	—
	45,527	84,968
Turkey		
Akbank	15,838	32,569
Tupras-Turkiye Petrol Rafineleri AS	23,326	25,187
Arcelik AS, Br.	4,786	4,432
KOC Holding AS	3,225	2,484
Trakya Cam Sanayii AS	1,915	2,451
Migros Turk TAS	2,338	2,405
Turk Hava Yollari Anonim Ortakligi	1,191	970
KOC Holding AS (Spin-Off)	785	638
	53,404	71,136
Taiwan		
President Chain Store Corp.	12,033	13,352
Lite-on Technology Corp.	8,888	9,063
Chunghwa Telecom Co. Ltd.	7,426	7,844
Taiwan Semiconductor Manufacturing Co.	4,350	5,349
Media Tek Inc.	4,699	4,976
Delta Electronics Inc.	4,348	4,640
UNI-President Enterprises Corp.	4,415	4,185
Tainan Enterprises Co. Ltd.	4,385	3,736
Taiwan Cellular Corp.	3,508	3,430
Elan Microelectronics Corp.	4,367	2,370
Faraday Technology Corp.	1,495	1,536
Kinpo Electronics Inc.	1,203	1,142
Princeton Technology Corp.	987	671
	62,104	62,294
South Africa		
Nedcor Ltd.	16,772	17,435
Remgro Ltd.	6,948	13,073
Anglo American PLC	9,898	9,431
Old Mutual PLC	4,823	5,315
Nampak Ltd.	2,932	4,430
Sappi Ltd.	5,387	3,807
Liberty Group Ltd.	2,130	2,589
Tiger Brands Ltd.	1,264	2,425
Spar Group Ltd.	973	1,212
	51,127	59,717

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by geography (continued)

Country	Cost £'000	Market Value £'000
Hungary		
MOL Magyar Olaj-Es Gazipari RT	7,996	29,804
Gedeon Richter Ltd.	17,206	28,071
	<u>25,202</u>	<u>57,875</u>
Singapore		
Dairy Farm International Holdings Ltd.	9,187	24,807
Fraser & Neave Ltd.	9,366	14,678
	<u>18,553</u>	<u>39,485</u>
India		
ITC Ltd.	3,980	7,508
Hindustan Petroleum Corp. Ltd.	7,657	7,079
Gail (India) Ltd.	4,788	5,037
Oil & Natural Gas Corp. Ltd.	3,511	4,396
Indian Petrochemicals Corp. Ltd.	3,981	4,289
Hindustan Lever Ltd.	3,800	4,118
	<u>27,717</u>	<u>32,427</u>
Poland		
Polski Koncern Naftowy Orlen SA	13,098	31,063
KGHM Polska Miedz SA	748	620
	<u>13,846</u>	<u>31,683</u>
Mexico		
Kimberly Clark de Mexico SA de CV, A	10,411	9,349
Fomento Economico Mexicano SA de CV Femsa, ADR*	5,214	5,901
Telefonos de Mexico SA de CV (Telmex), L, ADR*	4,370	4,090
	<u>19,995</u>	<u>19,340</u>
Austria		
OMV AG	7,307	15,682
	<u>7,307</u>	<u>15,682</u>
Greece		
Coca-Cola Hellenic Bottling Co., SA	8,172	13,625
Titan Cement Co.	1,519	1,904
	<u>9,691</u>	<u>15,529</u>
Croatia		
Pliva D D, GDR, Reg S	18,594	12,616
	<u>18,594</u>	<u>12,616</u>
Egypt		
Commercial International Bank Ltd.	7,385	11,815
	<u>7,385</u>	<u>11,815</u>

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by geography (continued)

Country	Cost £'000	Market Value £'000
Philippines		
San Miguel Corp., B	10,634	10,003
	<u>10,634</u>	<u>10,003</u>
Malaysia		
SIME Darby Bhd.	4,788	4,768
Tanjong PLC	4,205	4,122
	<u>8,993</u>	<u>8,890</u>
Czech Republic		
Philip Morris CR AS	3,205	7,734
	<u>3,205</u>	<u>7,734</u>
United Kingdom		
Provident Financial PLC	5,543	5,802
	<u>5,543</u>	<u>5,802</u>
Russia		
Lukoil Holdings, ADR*	2,202	4,866
	<u>2,202</u>	<u>4,866</u>
Indonesia		
BK Danamon	4,108	4,275
	<u>4,108</u>	<u>4,275</u>
Sweden		
Oriflame Cosmetics, IDR	1,847	1,904
	<u>1,847</u>	<u>1,904</u>
Peru		
Credicorp Ltd. *	1,361	1,822
	<u>1,361</u>	<u>1,822</u>
TOTAL INVESTMENTS	<u>713,566</u>	<u>1,043,400</u>
OTHER NET ASSETS		<u>12,764</u>
TOTAL SHAREHOLDERS' FUNDS		<u>1,056,164</u>

*US listed stocks

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by geography (continued)

Geographical asset distribution
As at 30 April 2005 and 30 April 2004

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by industry

Industrial analysis

As at 30 April 2005

Industry Classification	% of Total Net Assets 2005	% of Total Net Assets 2004
CONSUMER DISCRETIONARY		
Automobiles	1.35	–
Hotels Restaurants & Leisure	1.97	0.63
Household Durables	0.74	1.20
Multiline Retail	3.84	–
Apparel Accessories & Luxury Goods	0.35	0.52
	8.25	2.35
CONSUMER STAPLES		
Beverages	3.28	8.28
Food & Staples Retailing	–	2.70
Food Products	1.96	2.06
Household Products	1.75	1.20
Tobacco	2.61	1.98
	9.60	16.22
ENERGY		
Energy Equipment & Services	1.61	0.17
Oil & Gas	22.29	22.19
	23.90	22.36
FINANCIALS		
Commercial Banks	17.68	16.59
Consumer Finance	0.55	0.03
Diversified Financial Services	0.50	1.83
Insurance	0.25	0.22
	18.98	18.67
HEALTH CARE		
Pharmaceuticals	3.85	4.86
	3.85	4.86
INDUSTRIALS		
Airlines	0.16	–
Construction & Engineering	3.65	2.50
Industrial Conglomerates	–	4.32
Machinery	3.48	0.70
Marine	1.87	–
Trading Companies & Distributors	0.57	–
Transportation Infrastructure	1.20	1.12
	10.93	8.64

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by industry (continued)

Industry Classification	% of Total Net Assets 2005	% of Total Net Assets 2004
INFORMATION TECHNOLOGY		
Communications Equipment	0.82	—
Computers & Peripherals	0.86	0.64
Electronic Equipment & Instruments	—	0.47
Office Electronics	0.55	—
Semiconductors & Semiconductors Equipment	1.88	0.39
	<u>4.11</u>	<u>1.50</u>
MATERIALS		
Chemicals	3.20	1.68
Construction Materials	1.71	2.00
Containers & Packaging	0.42	0.49
Metals & Mining	4.04	2.25
Paper & Forest Products	0.79	—
	<u>10.16</u>	<u>6.42</u>
TELECOMMUNICATION SERVICES		
Diversified Telecommunication Services	1.13	6.13
Wireless Telecommunication Services	1.86	2.28
	<u>2.99</u>	<u>8.41</u>
UTILITIES		
Electric Utilities	6.02	9.04
Gas Utilities	—	0.20
	<u>6.02</u>	<u>9.24</u>
OTHER NET ASSETS	1.21	1.33
	<u>100.00</u>	<u>100.00</u>

The above groupings are based on the Morgan Stanley International Perspective Directory of Industry Classification.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by value

Twenty largest portfolio holdings

As at 30 April 2005

Number of Shares	Issuer	Principal Country of Issue/ Listing	% of Issued Share Capital Held	% of Total Net Assets	Cost £'000	Market Value £'000
EQUITY INVESTMENTS						
1,405,990	SK Corp. A major player in South Korea's refining industry.	South Korea	1.10	3.89	9,111	41,050
3,705,290	Hyundai Development Co. One of the leading residential property developers in Korea.	South Korea	4.92	3.65	14,909	38,595
2,159,019	Banco Bradesco SA, ADR, pfd. One of Brazil's largest financial conglomerates, providing a full range of banking and financial services.	Brazil	0.88	3.31	12,818	34,994
106,506,000	PetroChina Co. Ltd., H One of the largest integrated energy companies in China.	China	0.61	3.17	21,161	33,512
1,903,100	Unibanco Uniao de Bancos Brasileiros SA, GDR One of Brazil's largest financial conglomerates, providing a full range of banking and financial services.	Brazil	1.61	3.14	13,998	33,132
12,992,396	Akbank One of Turkey's largest privately owned commercial banks, providing a full range of banking and financial services.	Turkey	0.87	3.08	15,838	32,569
152,584,000	China Petroleum & Chemical Corp., H One of the largest integrated energy companies in China.	China	0.91	2.97	18,398	31,322
4,316,933	Polski Koncern Naftowy Orlen SA The overwhelming market leader in refining and marketing of oil products as well as petrochemicals in Poland.	Poland	1.01	2.94	13,098	31,063

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by value (continued)

Number of Shares	Issuer	Principal Country of Issue/ Listing	% of Issued Share Capital Held	% of Total Net Assets	Cost £'000	Market Value £'000
693,042	MOL Magyar Olaj-Es Gazipari RT A major integrated petroleum company in Central Europe.	Hungary	0.64	2.82	7,996	29,804
441,558	Gedeon Richter Ltd. Hungary's largest pharmaceutical producer, with strong presence in Eastern Europe.	Hungary	2.37	2.66	17,206	28,071
Top 10 Holdings – 31.63% of Net Assets					144,533	334,112

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by value (continued)

Number of Shares	Issuer	Principal Country of Issue/ Listing	% of Issued Share Capital Held	% of Total Net Assets	Cost £'000	Market Value £'000
3,818,015	Tupras-Turkiye Petrol Rafineleri AS Turkey's largest industrial company, with a dominant market share in oil refining.	Turkey	1.52	2.39	23,326	25,187
17,516,151	Dairy Farm International Holdings Ltd. Dairy Farm International and its subsidiaries operate retail stores such as supermarkets, drugstores and convenience stores.	Singapore	1.30	2.35	9,187	24,807
35,840,300	Siam Commercial Bank Ltd., fgn. One of Thailand's largest commercial banks.	Thailand	2.06	2.13	12,913	22,520
7,580,029	Companhia Paranaense de Energia-Copel, ADR, pfd. Generates, transmits, transforms and distributes electric power to the entire Brazilian State of Parana.	Brazil	0.01	1.96	18,426	20,715
211,450	POSCO One of the world's largest steel producers.	South Korea	0.24	1.89	13,180	19,967
19,323,000	China Merchants Holdings (International) Co. Ltd. A conglomerate specialising in infrastructure with three main businesses: toll roads, ports and industrial.	China	0.90	1.87	8,902	19,768

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

PORTFOLIO ANALYSIS by value (continued)

Number of Shares	Issuer	Principal Country of Issue/ Listing	% of Issued Share Capital Held	% of Total Net Assets	Cost £'000	Market Value £'000
2,793,119,000	Centrais Eletricas Brasileiras SA The company is involved in electricity generating, providing long-term financing to the Brazilian electricity sector, and owns and operates the country's nuclear generating plants and transmission network.	Brazil	0.42	1.72	18,008	18,203
2,700,144	Nedcor Ltd. A major South African bank with operations in commercial banking, investment banking and asset management.	South Africa	0.68	1.65	16,772	17,435
2,267,739	Kangwon Land Inc. The only casino in the country licensed to allow entry to Koreans.	South Korea	1.06	1.58	13,513	16,642
5,119,850	Siam Cement Public Co. Ltd., fgn. The largest producer in ASEAN for cement, petrochemicals and industrial paper. It is also the largest industrial conglomerate in Thailand.	Thailand	0.43	1.54	6,108	16,204
Top 20 Holdings – 50.71% of Net Assets					284,868	535,560
ANALYSIS OF PORTFOLIO						
TOTAL VALUE OF INVESTMENT PORTFOLIO (98.79%)						1,043,400
OTHER NET ASSETS (1.21%)						12,764
						1,056,164

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report for the year ended 30 April 2005.

Principal Activity and Status

In the opinion of the Directors, the Company has conducted its affairs so as to be able to seek approved investment status from the Inland Revenue under section 842 Income and Corporation Taxes Act 1988 for the accounting year ended 30 April 2005. Written approval, as an investment trust, has been received from HM Revenue & Customs for all accounting periods to 30 April 2003 contained in the Taxation of Capital Gains Act 1992 which exempts approved investment trusts from corporation tax on their chargeable gains.

Share Capital and Warrants

Changes in the share capital of the Company are set out in Note 12 of the Notes to the Financial Statements. Details of the warrants issued by the Company, the final date for exercise of which was on 30 September 2004, are set out in Note 20.

Share Buy-Back Proposals

At the last Annual General Meeting, the Company was granted the authority to buy back up to 68,283,573 Ordinary Shares (representing 15% of the issued ordinary share capital on 30 April 2004). During the year under review and to this day, the Company has bought back 11,812,763 shares (representing 2.20% of the issued share capital after the exercise of warrants on 30 September 2004). As stated on page 55 renewal of authority will be sought at this year's Annual General Meeting.

Invested Funds

Sales of investments during the year crystallised realised net gains of £6.03 million. Invested portfolio funds at 30 April 2005, had a value of £1,043.40 million against a cost of £713.57 million.

Net Asset Value

The net asset value of the Ordinary Shares as at 30 April 2005 was 197.05 pence per share.

Results and Dividend

The revenue return on ordinary activities for the year after tax amounted to £17.15 million. The Directors propose an ordinary dividend of 2.67 pence per Ordinary Share making a total dividend for 2005 of £14.31 million. If approved, this will be payable on 3 October 2005 to ordinary shareholders on the register at close of business on 2 September 2005. £2.84 million has been transferred to Reserves.

Business Review

A review of the Company's activities and an indication of likely future developments is contained in the Chairman's Statement on page 9 and in the Manager's Report and Portfolio Review on pages 11 to 13.

Creditor Payment Policy

Investment transactions are settled by the Company in accordance with the terms and conditions of the relevant market. While the Company follows no formal code, its policy is to agree the terms of payment at the start of business and ensure that the supplier is aware of the terms of payment. Payment is made in accordance with these terms provided that the supplier is also complying with all relevant terms and conditions. For the year ended 30 April 2005 the number of trade (brokers) creditors days was 1 day (2004: 1 day).

Impact of International Financial Reporting Standards ("IFRS")

The European Union has agreed that all countries should work towards adopting IFRS. In the UK, the Accounting Standards Board ("ASB") has developed a process of gradual convergence towards IFRS by

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

DIRECTORS' REPORT (continued)

issuing updated accounting standards which mirror IFRS. A number of new standards have been issued by the ASB as part of the convergence and the following will impact TEMIT:

- FRS21 (IAS10) – Events after the Balance Sheet date;
- FRS22 (IAS33) – Earnings per share;
- FRS23 (IAS21) – The effects of changes in Foreign Exchange rates;
- FRS25 (IAS32) – Financial Instruments: Disclosure and Presentation; and
- FRS26 (IAS39) – Financial Instruments: Measurements.

The main impact on TEMIT'S future Annual Accounts are as follows:

- All investments will be valued on a bid basis, as opposed to a mid basis; and
- Only dividends physically paid during the year will be reflected in the financial statements. Currently, proposed dividends are shown as a creditor in the financial statements.

Using the results for the year ended 30 April 2005, the impact of the above on the Net Assets and Net Asset Value would be as follows:

	Net Assets £ million
Total Net Assets per current UK GAAP	1,056
Dividend proposed	14
Bid valuation adjustment	(4)
Total Net Assets per IFRS	1,066
	Net Asset Value per share (p)
Net Asset Value per current UK GAAP	197.05
Net Asset Value per IFRS	198.88

Reporting Currency

As the Company is a UK investment trust, whose share capital is issued in the UK and denominated in Pounds Sterling, it is appropriate that the financial statements are presented in Pounds Sterling.

Substantial Shareholdings

As at 8 June 2005, the Company had been notified that the following were interested in 3% or more of the issued share capital of the Company:

Name	Number of Ordinary Shares	Percentage of issued Share Capital
City of London Investment Group PLC	58,692,541	10.95%
Lazard Asset Management	19,862,960	3.71%
Legal & General Investment Management	19,564,853	3.65%
British Steel Pension Fund Trustee Limited	18,587,113	3.47%

Going Concern

The Directors are satisfied that the going concern basis is appropriate in preparing the Financial Statements.

Directors and Management

No Director had notified the Company of any interest (as defined in Schedule 7 of the Companies Act 1985) existing either at the beginning or at the end of the year to 30 April 2005 in the Company's Ordinary Shares save for the following Directors:

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

DIRECTORS' REPORT (continued)

	30 April 2005	30 April 2004
Sir Ronald Hampel		
Ordinary Shares	21,618	21,618
Geoffrey A Langlands		
Ordinary Shares	3,000	3,000
The Honourable Nicholas Brady		
Ordinary Shares	–	5,000

The Company has not received notification of any change in the above interests as at 22 June 2005.

The following were Directors during the year to 30 April 2005:

Sir Ronald Hampel	The Honourable Nicholas Brady (resigned 21 September 2004)
Sir Peter Burt (appointed 1 October 2004)	Sam L Ginn
Peter C Godsoe OC	Charles B Johnson
Andrew S B Knight	Geoffrey A Langlands
Peter A Smith (appointed 17 May 2004)	

Mr Johnson is a director of Templeton Worldwide, Inc., and a director and shareholder of Franklin Resources, Inc.

Sir Peter Burt was appointed to the Board on 1 October 2004, and appointed to the Audit Committee on 6 December 2004. Under the Articles of Association, he will retire and offer himself for re-election at the Annual General Meeting.

The Company's Articles of Association provide that Directors, upon attainment of 70 years of age shall retire from office, and may offer themselves for re-election at each Annual General Meeting. This is in accordance with the AITC Code of Corporate Governance, which recommends that Directors over the age of 70 should offer themselves for re-election every year. Sir Ronald Hampel (73) and Charles B Johnson (72) offer themselves for re-election. The Board recommends the election of Sir Peter Burt and re-election of Sir Ronald Hampel and Mr Charles B Johnson whose resumes are set out in this Annual Report.

Each Director has a letter of appointment from the Company. Other than previously stated, no Director was a party to or had an interest in any contract or arrangement with the Company at any time during the year.

Auditors

RSM Robson Rhodes LLP have expressed their willingness to continue in office as auditors to the Company and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Non-audit work undertaken by RSM Robson Rhodes LLP for the year ended 30 April 2005 on behalf of TEMIT includes assistance with the implications of International Financial Reporting Standards ("IFRS"), calculation of the year end corporation tax liability, and review of the October 2004 Interim Report. An engagement letter is issued for all non-audit work and reviewed by the Audit Committee to ensure that the independence and objectivity of the auditors is safeguarded.

Custodian

JP Morgan Chase Bank acts as global custodian for the Company and receives a fee for the provision of custody and nominee services to the Company under a custody agreement (which contains provision for the exclusion or limitation of liability as set out in the agreement). The custody agreement may be terminated by either party giving the other 60 days' notice.

Special Business

The Special Business to be dealt with at the forthcoming Annual General Meeting of the Company relates to the renewal of authority for the issue of new shares (in certain circumstances) and renewal of authority for the Company to purchase its own shares in the market.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

DIRECTORS' REPORT (continued)

Renewal of Authority for the Issue of New Shares

As in previous years, a resolution was passed by the shareholders at the Annual General Meeting of the Company on 21 September 2004 permitting the Directors to allot new shares to applicants under the Templeton Investment Plan (the "Plan") at times when the share price stood at a premium to net asset value.

The Directors consider that the reasons for asking shareholders to approve such authorisation still apply. Under the Plan, if the shares are trading at a premium to the net asset value, the authority can be used and investors under the Plan are then able to buy shares at the offer price. In such circumstances, the Company would also benefit from an increase in its net asset value per share.

The resolution to allot shares in this way is set out as Resolution No. 9 in the Notice of Annual General Meeting. This resolution, if passed, will give your Directors power to allot equity securities of the Company for cash up to a maximum aggregate nominal amount of £6.70 million (being an amount equal to 5% of the issued ordinary share capital of the Company as at the date of the Notice of the Annual General Meeting to investors under the Plan or in other circumstances, as if Section 89(1) of the Companies Act 1985 did not apply (this Section requires, when shares are to be allotted for cash, such shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The calculation of the above figure is in accordance with the limits laid down by the UK Listing Authority and Investment Protection Committee guidelines, and the Directors will not use the authority other than in accordance with these guidelines.

The authority contained in Resolution No. 9 will continue until the Annual General Meeting of the Company in 2006 and your Directors envisage seeking the renewal of this authority in 2006 and in each succeeding year, subject to such renewals again being in accordance with the above guidelines.

Your Directors will not make any issues of new Ordinary Shares unless they consider it advantageous to the Company to do so.

Renewal of Authority to Purchase Own Shares

At the Annual General Meeting of the Company held on 21 September 2004 a Special Resolution was passed authorising the Company to purchase its own shares in the market. This authority will expire at the conclusion of the forthcoming Annual General Meeting.

The Directors consider that the reasons for asking shareholders to approve such authority still apply.

The main purpose of any share buy-backs will be to enhance the net asset value of the remaining Ordinary Shares, as the shares will only be acquired at a cost which is less than their net asset value. Purchases should also provide liquidity for shareholders wishing to sell their Ordinary Shares and may have a beneficial effect on the discount at which the Ordinary Shares currently trade to their net asset value.

The resolution to authorise the Company to purchase its own shares is set out in Resolution No. 10. This Resolution, if passed, will give the Company the authority to purchase its own shares within guidelines established from time to time by the Board. This represents 15% of the Ordinary Shares in issue as at 30 April 2005. Purchases will only be made for cash at a cost which is below the prevailing net asset value per Ordinary Share. Under the rules of the UK Listing Authority, the maximum price which may be paid is 5% above the average of the market values of the Ordinary Shares for the five business days before the purchase is made. The minimum price payable will be 25 pence, being the nominal value of an Ordinary Share. Purchases will be funded either by using available cash resources, by selling investments in the portfolio or by borrowings.

No Ordinary Shares will be purchased by the Company during periods when the Company would be prohibited from making such purchases by the rules of the UK Listing Authority.

The authority contained in Resolution No. 10 will continue until the Annual General Meeting in 2006 and your Directors envisage seeking the renewal of this authority in 2006 and in each succeeding year.

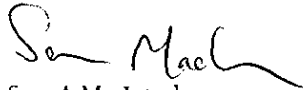
TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

DIRECTORS' REPORT (continued)

Recommendation

The Directors believe all the resolutions proposed are in the best interests of the Company and the shareholders as a whole and recommend all shareholders to vote in favour of all the resolutions.

By Order of the Board



Sara A MacIntosh

for and on behalf of

Franklin Templeton Investment Management Limited

Secretary

22 June 2005

Registered Office
5 Morrison Street
Edinburgh EH3 8BH
UK

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

CORPORATE GOVERNANCE STATEMENT

The Company is committed to maintaining the highest standard of Corporate Governance. The Board is accountable to the Company's shareholders for governance of the Company's affairs and this statement describes how the Company has applied the relevant principles.

Compliance with the Combined Code on Corporate Governance July 2003

The Board considers that the Company has complied with the provisions of Section 1 of the Combined Code on Corporate Governance July 2003 throughout the year ended 30 April 2005.

AITC Code of Corporate Governance

The Directors of TEMIT have considered the provisions of the AITC Code of Corporate Governance and have complied with all material aspects of this Code.

Internal Control

The Directors are responsible for overseeing the effectiveness of the internal control systems for the Company, which are designed to ensure that proper accounting records are maintained, that the financial information on which the business decisions are made and which are issued for publication is reliable, and that the assets of the Company are safeguarded.

The Combined Code also requires the Directors to review the effectiveness of the Company's system of internal controls. The Directors, through the procedures outlined below, have kept procedures under review throughout the period covered by these financial statements and up to the date of approval of the Annual Report and Accounts. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review. This accords with the guidance in *"Internal Control Guidance for Directors on the Combined Code"* (the Turnbull Report).

The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness and believes that an appropriate framework is in place to meet the requirements of the Combined Code. The Board has an ongoing process for identifying, evaluating and managing risks that the Company is exposed to. This process is conducted throughout the year and has been conducted up to the date of signing of this report. It has, however, to be understood that systems of internal control, however carefully designed, operated and supervised, can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company does not have its own internal audit function but places reliance on the internal audit, compliance and other control functions of its service providers.

Performance Evaluation

The Board has undertaken an evaluation of its own performance and that of its Committees and of the individual Directors who are being recommended for election and re-election.

Information and Professional Development

The Board is supplied, via the Company Secretary, with regular information to enable the Directors to discharge their duties. The Company Secretary provides the Board with regular updates on regulatory issues and on the latest corporate governance rules and guidelines.

Investment Manager

During the year, Templeton Asset Management Ltd ("TAML") acted as investment managers to the Company under an investment management agreement and received from the Company a monthly fee at an annual rate of 1.00% of the net assets of the Company.

The agreement between the Company and TAML can be terminated by either party giving the other one year's notice of termination.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

CORPORATE GOVERNANCE STATEMENT (continued)

The Board keeps under review the performance of TAML as Investment Manager to the Company. In the opinion of the Directors the continuing appointment of TAML on the agreed terms is in the best interests of the shareholders as a whole. The Directors believe that TAML is well resourced to act as investment manager to the Company and well equipped to identify attractive investment opportunities.

Secretarial and Administration Manager

During the year FTIML acted as Secretary and Administrator of the Company and received a monthly fee at an annual rate of 0.25% of the total net assets of the Company.

The agreement between the Company and FTIML can be terminated by either party giving the other one year's notice of termination. The Directors also keep under regular review the performance of FTIML as Secretarial and Administration Managers.

Directors

The Board currently comprises eight Non-Executive Directors, seven of whom are independent from Franklin Templeton Investments, the management group. The Chairman is Non-Executive and independent from the management. On 21 September 2004, the Nomination & Remuneration Committee appointed Peter Smith as the Senior Independent Director. The Directors' biographies are set out on pages 5 to 8.

The Directors meet quarterly and retain full and effective control over the Company through the monitoring of the management team of TAML (the Investment Manager), and FTIML (the Secretary and Administrator). The Board is responsible for investment policy and has a schedule of matters reserved for the resolution of the Directors for safeguarding shareholders' investment and the Company's assets.

The table below lists the number of Board and Committee meetings attended by each Director. During the year there were seven Board Meetings, three Audit Committee Meetings and one Nomination and Remuneration Committee Meeting.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination and Remuneration Committee Meetings Attended
Sir Ronald Hampel	7	—	1
*Nicholas F Brady	4	—	1
†Sir Peter Burt	2	—	—
Sam L Ginn	6	—	—
Peter C Godsoe	6	3	—
Charles B Johnson	6	—	—
Andrew S B Knight	7	2	—
Geoffrey A Langlands	6	—	1
Peter Smith	4	3	—

*Nicholas F Brady resigned on 21 September 2004.

†Sir Peter Burt was appointed on 1 October 2004.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

CORPORATE GOVERNANCE STATEMENT (continued)

The Board established a Nomination & Remuneration Committee in February 2002, which currently comprises Sam L Ginn (Chairman), Sir Ronald Hampel and Geoffrey A Langlands. The role of the Nomination & Remuneration Committee is to review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that seem appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short listed, and to nominate candidates for consideration by the full board, whose responsibility it is formally to make appointments.

In addition, the Committee reviews the level of Directors' fees periodically relative to other comparable companies and in the light of the Directors' responsibilities.

The Company's Articles of Association require newly appointed Directors to submit themselves for election by shareholders at the next Annual General Meeting and Directors are then subject to re-election at intervals of no more than three years. All Directors serving longer than nine years as well as Directors over the age of 70 offer themselves for annual re-election.

Accountability and Audit

In 1994 the Board established an Audit Committee, which currently comprises Peter Smith (Chairman), Sir Peter Burt and Peter C Godsoe. The audit committee plays an important role in the appraisal and supervision of key aspects of the Company's business including financial reporting and internal controls.

The Company's Audit Committee meets representatives of the Investment Manager and its Compliance Officer, who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Manager operate. The Company's external auditors also attend the Committee at its request, at least once a year, and report on their work procedures, the quality of the Company's accounting procedures and their findings in relation to the Company's statutory accounts. The responsibilities of the Audit Committee include review of the internal financial controls, accounting policies, financial statements, the management contract, the auditors' appointment and remuneration. The terms of reference of the Audit Committee have been updated to reflect the recommendations of the Combined Code on Corporate Governance July 2003. A copy of the terms of reference of the Audit Committee is available to shareholders on request via Client Dealer Services at FTIML using the contact details provided on page 58.

During the year, the Audit Committee reviewed the effectiveness and independence of the Company's external auditors and the outcome of the review was satisfactory.

Remuneration

Details of the remuneration policy are set out in the Directors' Remuneration Report. The Board's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective.

The fees for the Non-Executive Directors are currently determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in accordance with other long standing investment trusts.

Proxy Voting

As an institutional investor, the Company recognises its responsibility that the companies in which it invests should aspire to appropriate levels of corporate governance. As a matter of policy, the Company aims to vote its shares of the relevant underlying portfolio companies at the annual general meetings of these companies.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

CORPORATE GOVERNANCE STATEMENT (continued)

Contact with Shareholders

At each Annual General Meeting of the Company, Dr Mark Mobius, the investment manager, briefs shareholders on the investment outlook of the Company. In addition, on behalf of the Board, he has periodic meetings with the Company's major shareholders throughout the year to discuss aspects of the Company's performance. Furthermore, the members of the Board are available during the year for any significant matters arising and are present in person at the Annual General Meeting. Shareholders may contact the members of the Board via Client Dealer Services at FTIML using the contact details provided on page 58.

Social, Ethical & Environmental Activities ("SEE")

As an investment trust, the Company has no direct social or environmental responsibilities. Its ethical policy is focused on ensuring that its funds are properly managed and invested within the guidelines approved by the Board. The Board receives regular reports on the policies and controls in place.

The Investment Manager invests in companies that it considers to be well managed and subject to appropriate corporate governance. A well managed company is one which complies with all the relevant legislation and which meets the social and environmental requirements of the country in which it operates. It is important to recognise that local laws and requirements do not necessarily equate with those of developed countries.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 37 to 38.

Nomination and Remuneration Committee

The Board has appointed a Nomination and Remuneration Committee whose role is more fully explained on page 32 in the Corporate Governance Statement.

With effect from 1 October 2004, the level of Directors' fees during the year was increased to £20,000 each and £30,000 for the Chairman. The Chairman of the Audit Committee received an additional £5,000. These fees were approved by the shareholders at the Annual General Meeting on 21 September 2004. Prior to 1 October 2004, Directors' fees were £15,000, and the Chairman's fees were £22,500.

Policy on Directors' fees

The Board's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective.

Non-Executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in accordance with other long standing investment trusts.

Directors' appointment letters

Each of the Directors has an appointment letter with the Company. The terms of their appointment provide that a Director will be subject to re-election at the first annual general meeting after their appointment, and at least every three years after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Company's Performance

The Company's performance is shown on the Total Return graph on page 4. The MSCI Emerging Markets Index and S&P/IFCI Composite Index are used for comparison purposes, as they are the benchmark used for investment performance measurement purposes.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

DIRECTORS' REMUNERATION REPORT (continued)

Directors' emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	2005	2004
Sir Ronald Hampel (Chairman) (Appointed Chairman 22 September 2004).	£22,626	£4,426
Sir Peter Burt (Appointed 1 October 2004).	£10,000	—
Sam L Ginn	£17,439	£4,426
Peter C Godsoe OC	£17,439	£4,426
Andrew S B Knight	£17,439	£4,426
Geoffrey Langlands (Resigned as Chairman 21 September 2004).	£20,967	£17,317
Peter A Smith (Appointed 17 May 2004).	£18,089	—
The Honourable Nicholas Brady (Resigned 21 September 2004).*	—	£11,281
Sir Richard Brooke, Bt. (Resigned 15 December 2003).†	—	£10,919
Richard Frank (Resigned 15 December 2003).†	—	£9,411
Sir John Shaw CBE (Resigned 15 December 2003).†	—	£9,411
Sir Robert Brian Williamson CBE (Resigned 15 December 2003).†	—	£9,411
Charles B Johnson‡	—	—
Total	£123,999	£85,454

* Paid for period 1 April 2003 to 30 September 2003, when acquisition of Darby Overseas Investments Ltd. by Franklin Resources, Inc. was completed.

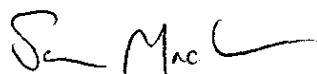
† The fees paid in 2004 to the retired Directors are in respect of fees earned during the year ended 30 April 2004 prior to their retirement.

‡ Mr Johnson is remunerated by Franklin Resources, Inc. in his capacity as Chairman and Director of Franklin Resources, Inc.

Approval

The Directors' Remuneration Report on pages 34 to 35 was approved by the Board of Directors on 22 June 2005 and signed on its behalf by:

By Order of the Board



Sara A MacIntosh

for and on behalf of

Franklin Templeton Investment Management Limited

Secretary

22 June 2005

Registered Office
5 Morrison Street
Edinburgh EH3 8BH
UK

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- > *select suitable accounting policies and then apply them consistently;*
- > *make judgements and estimates that are reasonable and prudent;*
- > *ensure compliance with the UK Listing Authority requirements;*
- > *produce annual and interim financial statements including the Directors' Report;*
- > *state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and*
- > *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Report is available on the Company's web site (www.temit.co.uk). The maintenance and integrity of the Company's web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

We have audited the financial statements on pages 39 to 53. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority. We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of The Combined Code on Corporate Governance issued by the Financial Reporting Council in 2003 specified for our review by the Listing Rules of the Financial Services Authority and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Manager's Report and Portfolio Review, the Corporate Governance Statement and the Five Year Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

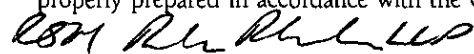
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC (continued)

also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- > the financial statements give a true and fair view of the state of affairs of the company as at 30 April 2005 and of its profit for the year then ended; and
- > the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP

Chartered Accountants and Registered Auditors

London, England

22 June 2005

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

STATEMENT OF TOTAL RETURN OF THE COMPANY (INCORPORATING THE REVENUE ACCOUNT) For the year ended 30 April 2005

	Note	Revenue £'000	2005 Capital £'000	Total £'000	Revenue £'000	2004 Capital £'000	Total £'000
Gains on investments	8	–	169,027	169,027	–	179,999	179,999
Income	2	37,215	–	37,215	29,282	–	29,282
Investment management fee	3	(9,487)	–	(9,487)	(7,469)	–	(7,469)
Other expenses	4	(4,863)	–	(4,863)	(3,509)	–	(3,509)
Net return on ordinary activities before taxation		22,865	169,027	191,892	18,304	179,999	198,303
Tax on ordinary activities	5	(5,718)	–	(5,718)	(5,144)	–	(5,144)
Return on ordinary activities after taxation for the financial year		17,147	169,027	186,174	13,160	179,999	193,159
Dividend in respect of equity shares	6	(14,311)	–	(14,311)	(10,242)	–	(10,242)
Transfer to reserves (after aggregate dividends paid and proposed)		2,836	169,027	171,863	2,918	179,999	182,917
Basic return per Ordinary Share (before dividend)	7	3.42p	33.67p	37.09p	2.89p	39.54p	42.43p
Diluted return per Ordinary Share (before dividend)*		N/A	N/A	N/A	2.88p	39.40p	42.28p
Annualised Expenses Ratio		–	–	1.50%	–	–	1.48%

Notes:

*April 2004 return has been restated to reflect the dilutive effect of potential ordinary shares

Final warrant exercise took place on 30 September 2004, resulting in the diluted NAV no longer being applicable.

The revenue column of this statement is the profit and loss account of the Company.

The accompanying notes are an integral part of this statement.

All revenue and capital items in the above statement derive from continuing operations.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC


BALANCE SHEET As at 30 April 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Investments	8	1,043,400	768,120
CURRENT ASSETS			
Debtors	9	8,985	15,322
Cash		24,294	17,977
		33,279	33,299
CREDITORS: amounts falling due within one year	10	(18,544)	(22,062)
NET CURRENT ASSETS		14,735	11,237
TOTAL ASSETS LESS CURRENT LIABILITIES		1,058,135	779,357
PROVISION FOR LIABILITIES AND CHARGES	11	(1,971)	(900)
		1,056,164	778,457
CAPITAL AND RESERVES			
Called-up Share Capital	12	133,995	113,806
Share Premium Account	13	375,327	275,351
Capital Redemption Reserve	14	6,893	3,940
Capital Reserve – Realised	15	186,280	197,761
Capital Reserve – Unrealised	15	329,991	166,757
Revenue Reserve	16	23,678	20,842
TOTAL SHAREHOLDERS' FUNDS	18	1,056,164	778,457
Net Asset Value per Ordinary Share (in pence)	17		
– Basic		197.05	171.01
– Diluted*		N/A	164.58

*Final warrant exercise took place on 30 September 2004, resulting in the diluted NAV no longer being applicable.

These Financial Statements were approved by the Board on 22 June 2005.

Sir Ronald Hampel
Chairman



Peter Smith
Director



TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

CASH FLOW STATEMENT For the year ended 30 April 2005

	Note	2005 £'000	2004 £'000
Reconciliation of operating profit to net cash inflow from operations			
Net return on ordinary activities before taxation		22,865	18,304
Increase in debtors		(526)	(25)
Increase in accrued income		(2,512)	(2,574)
Increase in creditors		1,443	323
Net cash inflow from operating activities		21,270	16,028
Cash flow statement			
Net cash inflow from operating activities		21,270	16,028
Taxation		(5,777)	(3,768)
Net financial investments	19	(104,778)	4,546
		(89,285)	16,806
Equity dividends paid		(10,242)	(5,690)
		(99,527)	11,116
Financing	19	105,844	54
Increase in cash		6,317	11,170
Reconciliation of net cash flow to movement in net funds			
	19		
Increase in cash in the year		6,317	11,170
Opening net funds		17,977	6,807
Closing net funds		24,294	17,977

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2005

1 Statement of accounting policies

The Financial Statements have been prepared under the historical cost convention, modified to include the revaluation of fixed assets, and on the assumption that approval as an investment trust will continue to be given. The Financial Statements have been prepared in accordance with applicable accounting standards in the United Kingdom and on the basis that all activities are continuing. The Statement of Recommended Practice on the form and content of the financial statements of investment trust companies has been followed in the preparation of the Financial Statements. A summary of the more important accounting policies which have been consistently applied is given below.

(a) Investment income and interest

Dividends on investments are credited to the revenue account when they are quoted ex-dividend or as soon as entitlement has been established, if later.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

(b) Expenses

All expenses are accounted for on an accruals basis and are charged through the revenue account except where they directly relate to the acquisition or disposal of an investment, in which case they are added to the cost of investment or deducted from the sales proceeds.

(c) Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

(d) Investments

(i) Securities which are listed on a stock exchange or traded on any other organised market are valued at the last available price on such exchange or market which is normally the principal market for each security, and those securities dealt in on an over-the-counter market are valued in a manner as near as possible to that for quoted securities.

(ii) Securities not listed on any stock exchange nor traded on any organised market are valued at fair value using an appropriate valuation method.

(e) Foreign currencies

Transactions involving foreign currencies are translated at the spot exchange rate ruling on the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate of exchange on the last day of the financial year. Currency gains and losses are credited or charged to capital and revenue reserves dependent on the nature of the transaction giving rise to the gain or loss.

(f) Capital reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments; and
- realised exchange differences of a capital nature.

Capital reserve – unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised exchange differences of a capital nature.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Income

	2005 £'000	2004 £'000
Income from investments		
UK dividends	181	–
Other EU dividends	3,424	1,267
Other overseas dividends	32,357	26,990
Scrip dividends	53	563
	<u>36,015</u>	<u>28,820</u>
Other income		
Deposit interest	1,200	462
	<u>37,215</u>	<u>29,282</u>
Total income		
	<u>37,215</u>	<u>29,282</u>
Total income comprises:		
Dividends	36,015	28,820
Interest	1,200	462
	<u>37,215</u>	<u>29,282</u>
Income from investments		
Listed overseas	<u>35,834</u>	<u>28,820</u>

3 Investment management fee

	Revenue £'000	2005 Capital £'000	Total £'000	Revenue £'000	2004 Capital £'000	Total £'000
Variable Expense						
Investment management fee	<u>9,487</u>	<u>–</u>	<u>9,487</u>	<u>7,469</u>	<u>–</u>	<u>7,469</u>

The Company's investment manager is Templeton Asset Management Ltd ("TAML").

The contract between the Company and TAML may be terminated at any date by either party giving one year's notice of termination. TAML receives a fee paid monthly in arrears, at an annual rate of 1.00% of the monthly net assets of the Company. As at 30 April 2005, £1,838,362 (30 April 2004: £666,000) in fees were payable and outstanding to TAML. In addition to the investment management fee above, the Company obtains secretarial and administration services from FTIML Limited. The fee in respect of secretarial and administration services is recorded within other expenses (note 4).

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Other expenses	2005		2004	
	£'000	£'000	£'000	£'000
Variable expenses				
Secretarial and administration expenses	2,367		1,867	
Custody fees	<u>1,124</u>		<u>866</u>	
		3,491		2,733
Fixed expenses				
Directors' emoluments	139		85	
Auditors' remuneration				
– Audit	21		20	
– Other services	28		7	
Registrar fees	183		196	
Other administration expenses	<u>1,001</u>		<u>468</u>	
		1,372		776
Total Other expenses		<u>4,863</u>		<u>3,509</u>

Fees in respect of services as Directors are paid by the Company only to those Directors who are independent of Franklin Templeton Investments. As at 30 April 2005, £459,591 (30 April 2004: £166,500), in fees were payable and outstanding to FTIML.

5 Tax on ordinary activities	2005	2004
	£'000	£'000
Corporation tax charged at 30%	4,491	5,298
Prior year adjustments	<u>(249)</u>	<u>(179)</u>
	4,242	5,119
Irrecoverable overseas tax	<u>2,392</u>	<u>1,695</u>
	6,634	6,814
Relief for overseas tax	<u>(1,987)</u>	<u>(1,695)</u>
Current tax	4,647	5,119
Deferred tax – current year	1,284	25
– prior year	<u>(213)</u>	<u>–</u>
	<u>5,718</u>	<u>5,144</u>

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Tax on ordinary activities (continued)

Current taxation

The current taxation charge for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Revenue on ordinary activities before taxation	22,865	18,304
Theoretical tax at UK corporation tax rate of 30%	6,859	5,491
Effects of:		
– Stock Dividends	–	(168)
– Prior year adjustments*	(249)	(179)
– UK dividends not subject to Corporation Tax	(54)	–
– Other EU dividends not subject to Corporation Tax	(1,013)	–
– Irrecoverable overseas tax	405	–
– Prior year adjustment to deferred tax	(3)	–
– Non taxable foreign exchange gain	(14)	–
– Timing differences on the taxation of income (see note 11)	(1,284)	(25)
Actual current tax charge	4,647	5,119

The Company is exempt from corporation tax on capital gains because it is an Authorised Investment Trust.

* In accordance with a recent European Court of Justice decision the Company has taken the view that Other EU dividends are not subject to Corporation Tax and has also filed a protective claim for 2004 on this basis.

6 Dividend	2005		2004	
	Rate p	£'000	Rate p	£'000
Proposed dividend on Ordinary Shares	2.67	14,311	2.25	10,242

7 Return per Ordinary Share

Return per Ordinary Share has been calculated on the following returns:

	2005			2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Basic	17,147	169,027	186,174	13,160	179,999	193,159
Diluted	N/A	N/A	N/A	13,160	179,999	193,159

Revenue per Ordinary Share is based on the net revenue on ordinary activities after taxation but before the deduction of dividends, and on 502,070,265 (2004: 455,205,735) Ordinary Shares being the weighted average number of Ordinary Shares in issue during the year.

Capital return per Ordinary Share is based on net capital gains/(losses) for the financial year.

The final warrant exercise took place on 30 September 2004, resulting in the diluted dividend return per Ordinary Share no longer being applicable.

The diluted return per Ordinary Share as at 30 April 2004 is based on the total of the weighted average number of shares and dilutive potential shares for the year which was 457,330,000.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Fixed assets	2005	2004
	£'000	£'000
Opening book cost	601,564	601,460
Opening unrealised appreciation/(depreciation)	166,556	(10,008)
Opening valuation	768,120	591,452
Movements in year		
Purchases at cost	265,431	147,070
Sales proceeds	(159,459)	(151,346)
Realised profits	6,031	4,382
Net movement in unrealised appreciation	163,277	176,562
	1,043,400	768,120
Closing book cost	713,566	601,564
Closing unrealised appreciation	329,834	166,556
Closing valuation	1,043,400	768,120
	2005	2004
	£'000	£'000
Realised and unrealised gains on investments		
Realised gain based on historical cost	6,031	4,382
Amount of gains recognised as unrealised in the previous years	(13,470)	(13,943)
Realised loss based on carrying value at 30 April 2004	(7,439)	(9,561)
Net movement in unrealised appreciation	176,747	190,505
Indian Capital Gains Tax	230	(397)
Net foreign exchange differences	(511)	(548)
Realised and unrealised gains on investments	169,027	179,999
Average Fund Turnover	17.14%	20.15%
Fund turnover represents the lesser of purchases or sales proceeds for the year divided by the average monthly market value of the equity portfolio. Transactions in fixed income securities, representing surplus cash awaiting investment are excluded for the purposes of determining fund turnover.		
All investments are listed on recognised stock exchanges.		
9 Debtors: amounts falling due within one year	2005	2004
	£'000	£'000
Sale of investments for future settlement	90	9,465
Dividends receivable	8,003	5,491
Corporation tax recoverable	274	-
Other debtors	7	65
Overseas tax recoverable	553	235
Accrued income	58	66
	8,985	15,322

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Purchase of investments for future settlement	–	7,671
Accrued expenses	2,862	1,419
Proposed dividend	14,311	10,242
Corporation tax payable	1,371	2,730
	18,544	22,062

11 Provision for liabilities and charges

	2005 £'000	2004 £'000
Deferred tax provided		
Accrued income taxable on receipt	1,971	900
The movement in the provision is as follows:	£'000	£'000
Provision at start of year	900	875
Prior year opening adjustments	(213)	–
Deferred tax debit in Revenue Account	1,284	25
	1,971	900

Deferred tax has been provided at 30% (2004: 30%), the current corporate rate.

Any changes in the provision for deferred tax have been recognised as in the Statement of Total Return under Tax on Ordinary Activities (see Note 5).

12 Called-up share capital

	Authorised		Allotted, issued & fully paid	
	£'000	Number	£'000	Number
Ordinary Shares of 25p each				
Balance as at 1 May 2004	340,605	1,362,419,366	113,806	455,223,826
Warrants exercised during the year	–	–	23,142	92,570,530
Shares repurchased during the year	–	–	(2,953)	(11,812,763)
Balance as at 30 April 2005	340,605	1,362,419,366	133,995	535,981,593

During the year, 11,812,763 Ordinary Shares (with a nominal value of £2,953,191) were repurchased by the Company (and cancelled) in order to manage the share price discount to NAV. These repurchases were transacted at a cost of £3,661,893 less than the net asset values attributable to those shares on their respective completion dates. The repurchase represents 2.20% of the issued share capital in existence when the Company completed its final transaction on 5 October 2004 (535,981,593 Ordinary Shares). Further details of the warrants issued are set out in Note 20.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Share premium account

	2005 £'000
Balance as at 1 May 2004	275,351
Issue of Ordinary Shares on exercise of warrants	99,976
Balance as at 30 April 2005	<u>375,327</u>

14 Capital redemption reserve

	2005 £'000
Balance as at 1 May 2004	3,940
Transfer from capital reserves – realised	2,953
Balance as at 30 April 2005	<u>6,893</u>

15 Capital reserves

	2005 Capital reserves	
	Realised £'000	Unrealised £'000
Balance as at 1 May 2004	197,761	166,757
Realised losses on investments	(7,439)	–
Transfer on disposal of investments	13,470	(13,470)
Realised foreign exchange losses on settlement	(468)	–
Transfer to capital redemption reserve	(2,953)	–
Premium on repurchase of shares	(14,235)	–
Stamp Duty on repurchase of shares	(86)	–
Indian Capital Gains Tax	230	–
Revaluation of year end balances	–	(43)
Net movement in unrealised appreciation	–	176,747
Balance as at 30 April 2005	<u>186,280</u>	<u>329,991</u>

£'000

Gains on investments in the year comprise:

Realised gains on sale of investments based on historical cost	6,031
Realised foreign exchange losses on settlement	(468)
Increase in value of investments	163,277
Indian Capital Gains Tax	230
Revaluation of year end balances	(43)
	<u>169,027</u>

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Revenue reserves

	2005 £'000
Revenue account	
Balance as at 1 May 2004	20,842
Retained profit for year	2,836
Balance as at 30 April 2005	23,678

17 Net asset value per share

The net asset value per share and the net asset value attributable to the Ordinary Shares at the year end were as follows:

	Net asset value per share		Net asset value attributable	
	2005 p	2004 p	2005 £'000	2004 £'000
Ordinary Shares (basic)	197.05	171.01	1,056,164	778,457
Ordinary Shares (diluted)	N/A*	164.58	N/A*	901,576

The number of shares used was:

	2005 000's	2004 000's
Basic	535,982	455,224
Warrants adjustment	–	92,571
Diluted	535,982	547,795

*Final warrant exercise took place on 30 September 2004, resulting in the diluted NAV no longer being applicable.

18 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Opening shareholders' funds	778,457	595,486
Total recognised capital gains	169,027	179,999
Issue of share capital	123,118	54
Repurchase of share capital	(17,274)	–
Transfer to revenue reserves	17,147	13,160
Dividend in respect of equity shares	(14,311)	(10,242)
Closing shareholders' funds	1,056,164	778,457

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Cash flow statement	2005 £'000	2004 £'000	
(a) Gross cash flows			
Financial investments			
Purchase of investments	(273,416)	(153,214)	
Sale of investments	168,638	157,760	
	<u>104,778</u>	<u>4,546</u>	
Financing			
Issue of Ordinary Share capital	123,118	54	
Repurchase of Ordinary Share capital	(17,274)	-	
	<u>105,844</u>	<u>54</u>	
(b) Analysis of changes in net funds			
	1 May 2004 £'000	Cash Flows £'000	30 April 2005 £'000
Cash in hand at bank	17,977	6,317	24,294

20 Warrants

On 30 September 2004, all outstanding warrants (92,570,530), which were in issue on 1 May 2004, were exercised at the price of 133p per Ordinary Share.

Warrantholders subscribed for Ordinary Shares of the Company on the basis of one Ordinary Share for one Warrant.

21 Related party transactions

All material related party transactions, as set out in Financial Reporting Standard 8 Related Party Disclosures, have been disclosed in the Directors' Report and Note 3.

22 Contingent liabilities

No contingent liabilities existed as at 30 April 2005 or 30 April 2004.

23 Capital commitments

There were no capital commitments on 30 April 2005 or 30 April 2004.

24 Post balance sheet events

There were no significant post balance sheet events.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Derivatives and other financial instruments

In pursuing the investment objectives set out on page 1 of this Report the Company holds a number of financial instruments.

These comprise:

- Equity and non-equity shares. These are held in accordance with the Company's investment objectives and policies;
- Cash and liquid resources that arise directly from its operations; and
- Shareholders' funds, representing investors' monies, which are invested on their behalf.

The main risks arising from the Company's financial instruments are market price, foreign currency and liquidity risks. The Investment Manager reviews policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Market price risk

Market risk arises mainly from uncertainties about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Directors meet quarterly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objectives. The Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk/reward profile that is acceptable.

The Investment Manager does not use derivative instruments to hedge the investment portfolio against market risk, as in its opinion, the cost of such a process would result in an unacceptable reduction in the potential for capital growth.

Foreign currency risk

Currency translation movements can significantly affect the income and capital value of the Company's investments as the majority of the Company's assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The Investment Manager has identified three principal areas where foreign currency risk could affect the Company:

- movements in rates affect the value of investments;
- movements in rates affect short-term timing differences; and
- movements in rates affect the income received.

The Company does not hedge the sterling value of investments that are priced in other currencies.

The Company may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date an investment purchase or sale is entered into and the date on which it is settled.

The Company receives income in currencies other than sterling and the sterling values of this income can be affected by movements in exchange rates. The Company converts all receipts of income into sterling on or near the date of receipt; it, however, does not hedge or otherwise seek to avoid rate movement risk on income accrued but not received.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Derivatives and other financial instruments (continued)

Interest rate risk

The Company is permitted to invest in fixed rate securities. Any change to the interest rates relevant to particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the income potential of the Company also rises, but the value of fixed rate securities will decline. A decline in interest rates will have the opposite effect.

Liquidity risk

The Company's assets comprise mainly of securities listed on the stock exchanges of emerging economies. Liquidity can vary from market to market and some securities may take longer to sell. As a closed ended investment trust, liquidity risks attributable to the Company are less significant than for an open ended fund.

Other risk

Certain transactions in securities that the Company enters into expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Company has fulfilled its responsibilities. The Company only buys and sells through brokers which have been approved by the Investment Manager as an acceptable counter-party. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time. These limits are reviewed regularly.

Currency exposures

A substantial portion of the net assets of the Company is denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

The Company's net monetary assets/(liabilities), excluding equity investments, are as follows:

Currency	2005	2004
	Net foreign currency monetary assets £'000	Net foreign currency monetary assets £'000
Argentine peso	50	50
Brazilian real	224	7
Czech koruna	809	719
Egyptian pound	446	–
Euro	54	–
Hong Kong dollar	1,823	984
Indian rupee	(167)	2,897
Japanese yen	1	5
Korean won	34	5,155
Malaysian ringgit	80	(995)
Mexican peso	–	430
New Taiwan dollar	403	(320)
Philippine peso	43	38
Polish zloty	1	–
Singapore dollar	24	218
South African rand	229	(5,068)
Thailand baht	209	611
Turkish lira	–	2,213
United States dollar	3,893	1,053
	<u>8,156</u>	<u>7,997</u>

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Derivatives and other financial instruments (continued)

Interest rate risk profile

The majority of the Company's financial assets are non-interest bearing equity investments whose currency profile is not materially different to that shown on the geographic analysis on pages 14 to 18.

Fixed interest financial assets are denominated in sterling and are valued at £Nil at 30 April 2005 (2004: £Nil).

Floating rate financial assets are the cash balances and short term debtors and creditors disclosed in the currency exposure note above, which earn or are charged interest at prevailing current account rates.

Floating rate financial assets denominated in sterling are valued at £24.29 million at 30 April 2005 (2004: £17.98 million).

Maturity of financial liabilities

The Company has no financial liabilities other than short-term trade creditors, accruals and bank overdrafts repayable on demand as disclosed in the net currency exposure table above.

Fair Value of financial assets and financial liabilities

All of the financial assets of the Company are held at fair value. There are no financial liabilities except for those identified as creditors in Note 10.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

KEY DATES

The Company's sixteenth Annual General Meeting will be held on Tuesday 27 September 2005. Notice of this meeting is given on pages 55 to 57.

Significant events in the Company's year are expected normally to occur as follows:

June

Preliminary results and recommended dividend for the year announced.
Annual Report for the year to 30 April published.

September

Annual General Meeting held.

October

Dividend paid.

December

Interim results announced.
Interim Report for the period to 31 October published.
The Company pays no interim dividend.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Templeton Emerging Markets Investment Trust PLC will be held at The RAC Club, 89 Pall Mall, London SW1Y 5HS on 27 September 2005 at 12 noon to transact the following business:

Ordinary Business

Resolution No.

1. To receive and adopt the Directors' and Auditors' Reports and Financial Statements for the year ended 30 April 2005.
2. To declare a dividend.
3. To elect Sir Peter Burt as a Director.
4. To re-elect Sir Ronald Hampel as a Director.
5. To re-elect Charles B Johnson as a Director.
6. To approve the Directors' Remuneration Report for the year ended 30 April 2005.
7. To re-appoint RSM Robson Rhodes LLP as Auditors.
8. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions:

9. Special Resolution

That:

- (a) for the purposes of Section 80 of the Companies Act 1985 (the "Act"), the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 80 of the Act) up to an aggregate nominal amount of £6,699,770 (being an amount equal to 5% of the existing issued Ordinary Share capital of the Company as at the date of the notice of this meeting) during the period from the date of the passing of this resolution up to the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, at which time such authority will expire except that the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired and provided that the authority hereby conferred shall be in addition to and without prejudice to any previous authority to allot relevant securities conferred upon the Directors;
- (b) that the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority conferred upon them by this resolution as if Section 89(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £6,699,770 (being an amount equal to 5% of the existing issued Ordinary Share capital of the Company as at the date of the notice of this meeting) and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless renewed or extended prior to or at such Meeting except that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired; and provided that any allotment of securities pursuant to this resolution shall be at a price

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTICE OF MEETING (continued)


exceeding the fully diluted net asset value of the security concerned on the business day prior to the date of allotment.

10. Special Resolution

That the Company be and it is hereby authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163 of the Act) of shares provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 80,397,238;
- (ii) the minimum price which may be paid for an Ordinary Share shall be 25 pence;
- (iii) the maximum price which may be paid for an Ordinary Share shall be not more than 5% above the average of the market value of the shares for the 5 business days before the purchase is made; and
- (iv) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2006 save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

By Order of the Board



Sara A MacIntosh

for and on behalf of

Franklin Templeton Investment Management Limited

Secretary

Registered Office
5 Morrison Street
Edinburgh EH3 8BH

22 June 2005

Notes:

- 1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend and, on a poll, vote thereat instead of him. A proxy need not be a member of the Company.
- 2. A proxy form is enclosed.
- 3. A proxy form must be returned to the Company's registrar, Lloyds TSB Registrars, Worthing, West Sussex BN99 6DA to arrive not later than 12 noon on 25 September 2005.
- 4. The Report and Financial Statements are circulated to Ordinary Shareholders. Ordinary Shareholders are entitled to attend and vote at the Meeting.
- 5. Copies of the letters of appointment of the Directors and the Articles of Association of the Company are available for inspection at the Company's registered office at 5 Morrison Street, Edinburgh, EH3 8BH and at the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).
- 6. The Dress Code of the RAC Club requires that gentlemen must wear a shirt with collar and tie. No jeans or trainers are permitted and ladies must wear smart business attire.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

NOTICE OF MEETING (continued)

Electronic proxy appointment for CREST members (for UK only)

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 27 September 2005 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID7RA01) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Electronic proxy appointment for non-CREST members (for UK only)

Shareholders who prefer to register the appointment of their proxy electronically via the Internet can do so through the Lloyds TSB Registrar's website at www.sharevote.co.uk where full instructions on the procedure are given. The personal reference number, card ID and account number printed in the voting pack will be required to use this electronic proxy appointment system.

Alternatively, shareholders who have already registered with Lloyds TSB Registrar's on-line portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and clicking on "Company Meetings". A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12 noon on 25 September 2005. Please note that any electronic communication found to contain a computer virus will not be accepted.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

SHAREHOLDER INFORMATION

Contact Details	Phone	Fax	Email/Website
SECRETARY/ADMINISTRATOR Franklin Templeton Investment Management Limited The Adelphi 1-11 John Adam Street LONDON WC2N 6HT UK	0800 305 306 UK freephone +44 20 7073 8690 Non-UK	020 7073 8700	enquiries@franklintempleton.co.uk www.franklintempleton.co.uk
REGISTRAR Lloyds TSB Registrars Scotland PO Box 28448 Finance House Orchard Brae EDINBURGH EH4 1WQ UK	0870 601 5366 Shareholders Helpdesk	0870 600 3980	www.lloydstsb-registrars.co.uk

How to Invest

For information on investing in TEMIT with a lump sum, regular savings plan and gifts, see page 59.

Other Sources of Information

Please consult the *Financial Times* for further information on TEMIT.

Stock Exchange Codes and Net Asset Value Publication

The Stock Exchange Code for TEMIT's listed securities is TEM. The net asset value per share is published in the *Financial Times*.

Frequency of Net Asset Value publication

The NAV is released every week through the London Stock Exchange.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

HOW TO INVEST

There are two ways of purchasing shares in TEMIT:

1. Through the Templeton Investment Plan.

Through the Templeton Investment Plan, investors have a cost-effective and straightforward route for investing in TEMIT. The Plan currently has over 5,800 members. The Plan is designed to accommodate the needs of an investor, whether they wish to:

- invest a regular monthly or quarterly amount minimum £50 monthly or £150 quarterly; and/or
- make occasional lump sum investments initial minimum £250, minimum subsequent investments £50.

2. Directly in the stock market through a stockbroker.

For more information contact your financial adviser or call us free on 0800 305 306. Alternatively, you can visit the Franklin Templeton Investments website at: www.franklintempleton.co.uk.

This report does not constitute or form part of any offer for shares or an invitation to apply for shares. Subscriptions for shares in the Templeton Investment Plan can only be made on the basis of the most recent brochure. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations will affect the value of overseas investments. Emerging Markets can be more risky than Developed Markets. Please consult your professional adviser before deciding to invest.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

GENERAL INFORMATION

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(Registered No. SC118022)

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SECRETARY AND ADMINISTRATOR

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UK

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Chartered Accountants
186 City Road
LONDON
EC1V 2NU
UK

SOLICITORS

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Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN
UK

GLOBAL CUSTODIAN

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LONDON
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UK

REGISTRAR – UK

Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
EDINBURGH
EH4 1WQ
UK

REGISTRAR – NEW ZEALAND

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